

# Gansler Endorses Single Process Initiative Throughout DoD—Industry

“Keep An Eye on the Big Picture –  
Focus on the Long-Term Perspective”

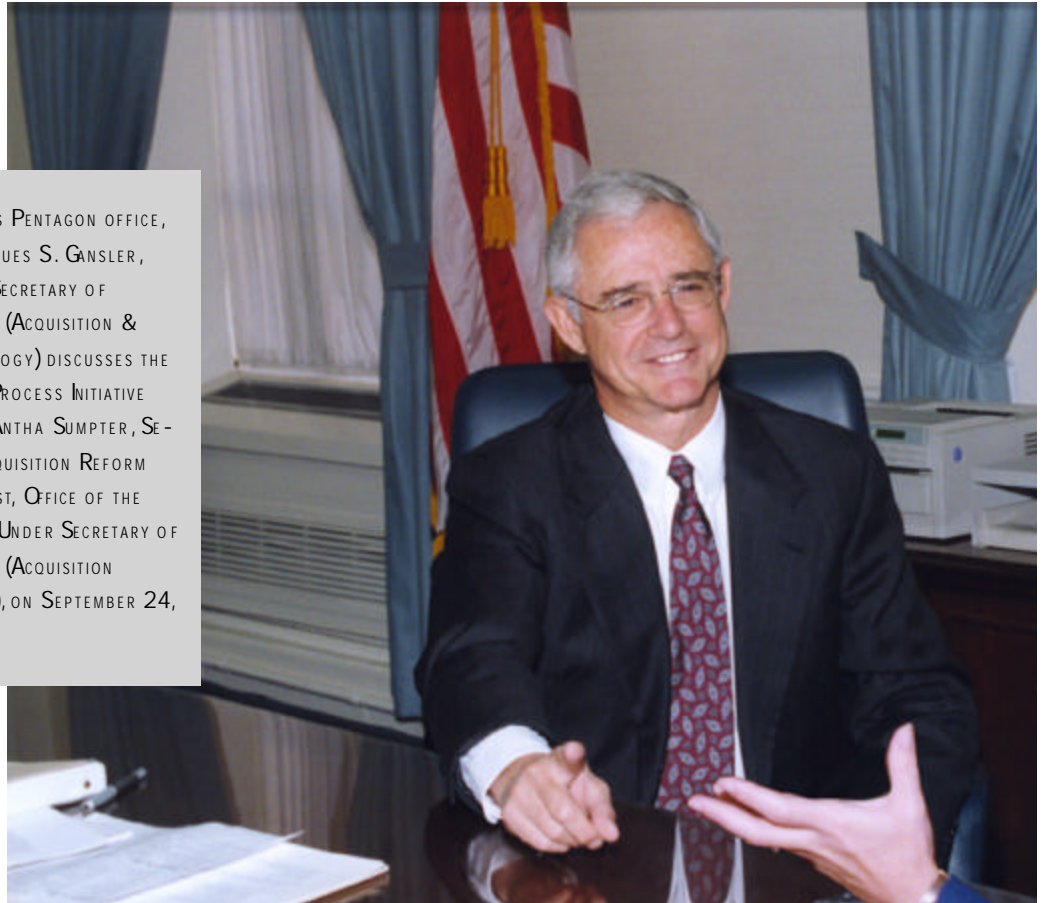
Civil-military integration of government-industry business practices and processes has been a longstanding goal of Acquisition Reform. Simply put, the Single Process Initiative facilitates the elimination of the distinction between traditional defense and commercial suppliers. It is the mechanism by which DoD expedites the transition of existing government contracts to common best processes.

In response to a joint government-industry desire to establish a long-term vision for implementation of the Single Process Initiative (SPI), Under Secretary of Defense (Acquisition & Technology), Dr. Jacques S. Gansler, published a memorandum in June 1998 to institutionalize the Single Process Initiative. His vision is that SPI will be a long-term government-industry initiative, designed to accelerate the pace of business process re-engineering.<sup>1</sup> Specifically, Dr. Gansler:

- Directed Component Acquisition Executives (CAE) and the Commander, Defense Contract Management Command to promulgate guidance ensuring that block change modifications are written in performance language, whenever practicable.
- Pointed out the importance of the corporate SPI Management Councils.

Sumpter is a Senior Acquisition Reform Specialist in the Office of the Deputy Under Secretary of Defense (Acquisition Reform), The Pentagon, Washington, D.C.

FROM HIS PENTAGON OFFICE, DR. JACQUES S. GANSLER, UNDER SECRETARY OF DEFENSE (ACQUISITION & TECHNOLOGY) DISCUSSES THE SINGLE PROCESS INITIATIVE WITH LEANTHA SUMPTER, SENIOR ACQUISITION REFORM SPECIALIST, OFFICE OF THE DEPUTY UNDER SECRETARY OF DEFENSE (ACQUISITION REFORM), ON SEPTEMBER 24, 1998.



- Directed Service Acquisition Executives (SAE) to review, and discuss with him personally, progress in identifying impediments to implementing SPI within the Services.
- Appointed the Principal Deputy Under Secretary of Defense (Acquisition & Technology) as Chair of the Single Process Initiative Executive Council.<sup>2</sup>

Giving voice to concerns and questions raised by the Services, LeAntha Sumpter, a Senior Procurement Reform Analyst with the Office of the Deputy

Under Secretary of Defense (Acquisition Reform), recently interviewed Dr. Gansler on the current and future usefulness of the Single Process Initiative throughout DoD.

Unequivocally, Gansler's responses indicate that SPI is here to stay – that “the potential of the Single Process Initiative to expedite Acquisition Reform has not been fully realized,” and it “now has more potential than originally envisioned.”

Ultimately, Gansler believes those firms that pursue SPI are going to be the most

successful in achieving a lean approach to conducting business.

**Q**  
*What is your assessment of the Single Process Initiative? Where has it succeeded, and where has it failed? What is its most important contribution in the overall scheme of Acquisition Reform?*



**A**  
The Single Process Initiative has expedited the transition of legacy contracts to common best practices, including non-government and commercial standards. SPI has had a positive impact on the way the Department conducts business by facilitating industry consolidations and plant modernization, and encouraging innovation and subcontractor reform.

Specifically, SPI's success in facilitating civil-military integration is demonstrated by the following facts: There have been 201 facility conversions to commercial quality standards; 21 facility conversions

to commercial Earned Value Management Systems; 23 facility conversions to commercial parts management practices; 47 facility conversions to commercial soldering standards; and 27 facility conversions to commercial calibration standards in the past two-and-one-half years. This could not have been accomplished without the Single Process Initiative.

On the other hand, the potential of the Single Process Initiative to expedite Acquisition Reform has not been fully realized. There is a strong correlation between SPI success and proactive leadership on specific initiatives by the DoD (i.e., 84 percent of proposed quality conversions from MIL-Q-9858A were approved).

Likewise, a similar correlation exists for the reform areas where SPI has not been so successful. SPI has successfully expedited Acquisition Reform, but there is much left to be done to achieve greater civil-military integration and adopt commercial practices throughout the traditional defense supplier base.

**Q**  
*What is the overarching goal of SPI and what are the expected benefits? Have the goals and projected benefits of SPI changed since its inception? If so, how?*

**A**  
The ultimate goal of SPI is to pave the way for DoD's conversion to commercial processes, while providing opportunities for DoD to reduce costs. SPI has provided a streamlined process for converting existing contracts to non-government standards, commercial practices, and company processes. The initial emphasis was on converting military specifications and standards to non-governmental facility-wide processes, but SPI offers a greater benefit as a mechanism to achieve civil-military integration.

**Q**  
*What is the future of SPI? Do you expect that its usefulness will be diminished as we move more toward a PBBE?*

**A**  
As I discussed previously, when SPI was initiated it was envisioned as a tool to fa-

cilitate military specifications and standards reform in a short time frame. The anticipation was that the Department would quickly transition to a Performance Based Business Environment [PBBE].

Industry and government teams have learned over the past two-and-a-half years that reform efforts require a long-term focus, and that cultural changes occur gradually. In fact, the average time to achieve sustained change is seven years. My long-term vision for SPI is that it now has more potential than originally envisioned. This tool is key to achieving my goal of facilitating civil-military integration.

Additionally, similar to the success of Integrated Product Teams, the value of an industry-government Management Council that addresses facility or corporate issues is the key to SPI success. This organizational arrangement encourages the Services and the Defense Contract Management Command to work together to develop corporate solutions. This will be of lasting value to the Department.

**Q**  
*Do you realistically expect to receive the SPI ROM [Rough Order Magnitude] savings that industry has projected over the past few years? If so, when and in what form?*

**A**  
Estimated implementation costs, immediate contract savings, and cost avoidance applicable to future contracts are negotiated by the Defense Contract Management Command [DCMC] and validated by the Defense Contract Audit Agency [DCAA]. So far, negotiated savings to existing contracts are \$30 million, and cost avoidance is \$444 million.

DCAA and DCMC have the responsibility to follow up on cost avoidance projections to ensure that direct or overhead expenses are reduced based on the approved changes. I think these numbers, however, are an understatement of the potential of SPI.

To assess the long-term value of this initiative, we must also focus on assessing associated infrastructure reductions that result from SPI reform. While it is difficult to specifically capture the total value of this initiative to the Department, it is an indispensable tool to move the Department toward more commercial ways of doing business.

Q

*What is industry's role in future Acquisition Reform efforts, and in particular, SPI?*

A

Industry must continue to play an important role in Acquisition Reform. Government and industry must work together to share best practices and achieve a Revolution In Business Affairs by doing things better, faster, and cheaper.

Only by working together will we be able to share valuable experiences and exploit best practices. I encourage all of you to *keep the ideas coming*. Post your successes on your Web sites. I challenge industry to share successes as well as failures to avoid repeating the same process.

With respect to the Single Process Initiative, it continues to be a contractor-initiated reform. Those firms that pursue SPI are going to be the most successful in achieving a lean approach to conducting business.

There are a myriad of opportunities to employ SPI and save both the government and industry significant resources. There is tremendous potential to use SPI to expedite the transition to not only a Performance Based Business Environment, but also to an integrated digital environment.

Additionally, corporate-wide Management Councils can add value by providing a mechanism to share strategic vision and good ideas across corporations. Industry, in turn, must push SPI to its supplier base so that all those who supply the government, either directly or indirectly, can reap the benefits of SPI cost avoidance and cost savings. The key



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is making sure that the process keeps moving forward and possibilities for savings increase.

Q

*What advice and/or encouragement would you give to DoD program managers who support Acquisition Reform initiatives but have yet to realize tangible benefit(s) from their efforts?*

A

The Department is facing a very real budget crisis. The efforts of each and every

program manager are essential to achieve the Revolution in Business Affairs and reduce unnecessary infrastructure costs.

The Single Process Initiative offers each program manager the opportunity to exercise conscious risk management decisions to migrate their program to more commercial processes and practices. The initial goal should not be to achieve instant savings but to take a long-term perspective. Program managers should focus on some of the advantages of SPI which offer the potential for a "win-win" situation for both government and industry. Some of the advantages include: allowing contractors to use "best" business and manufacturing practices to improve the quality and ingenuity of products and services; elimination of unnecessary, and often redundant, DoD requirements; and, ultimately decreased prices for future contracts.

I applaud the efforts of the SPI pioneers over the past few years who have achieved dramatic successes on both large and small programs.

Q

*Do you expect that the benefits of Acquisition Reform will ever be observed at the PM level? If so, how?*

A

The program managers who have achieved the greatest benefits from Acquisition Reform are those who have aggressively embraced reform initiatives. Institutionalization of Acquisition Reform, including education and training, is critical to the future of the Department. Once reform initiatives become an integral part of doing business, the benefits will increase.

Program managers need to accept the fact that external events have created a culture of continuous change, which has endless possibilities even though it is intrinsically chaotic. The evolution of the Department to greater civil-military integration will result in reduced cycle times, lower cost, greater choices of product for our warfighters, and more creative opportunities to access an expanded supplier base.



These are all areas where real progress has been made, directly observed, and supported by program managers. For those who have not experienced these benefits, I challenge you to get involved and make a difference.

Q

*The SPI program is a voluntary participant program by the contractors. Why does DoD continue to send letters to contractors that are not participating?*

A

There are currently about 300 contractor facilities participating in SPI. While this has generated over 1,000 block change modifications, the potential exists to generate even more block changes resulting in greater savings with a broader impact. It is important to encourage contractors who were previously not interested in SPI to take a second look and discover that SPI can help them achieve their business goals. The ultimate beneficiary of this initiative is the warfighter.

Q

*For the Component Team Leader in a program office that has a large contractor participating, the operating funds for SPI come from within the PM's budget.*

*Some of the PMs do not have a large budget, but spend a significant amount for SPI (TDY funds for Management Councils) yet receive no direct benefits. With cost avoidances being less than expected, do you see any relief for the PMs in the future?*

A

I appreciate the real budget constraints that challenge each program office. However, I expect Program Executive Officers [PEO], along with their Component Acquisition Executives, to review their current SPI activity, and commit appropriate resources for continued support. Unless we collectively pursue Acquisition Reform agendas, we will mortgage the future ability of the Department to modernize products. We must look to tap into the commercial sector in order to keep pace with current technology.



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Ten years ago, the Department was able to keep pace with the commercial sector. Now, constrained by our past acquisition and configuration management practices, we must aggressively pursue civil-military integration to close the gap between the commercial capability and our increasing obsolescence. It will take the commitment of each PEO and PM, with a long-term perspective, to make this transition possible.

Q

*Dr. William J. Perry's memorandum of June 1994 described a vision that dramatically changed the nature of the acquisition process in DoD. SPI was initiated as a means to achieve DoD's specifications and standards goal. What is our current SPI focus?*

A

The focus of SPI has been and still is to establish a partnership between industry and government to migrate to best practices and ultimately lower the costs of products acquired for the Department. Military specifications and standards reform is but one positive manifestation of the Single Process Initiative. As the initiative has matured, its potential value to the Department has grown. The current focus of SPI has been broadened to include the integration of commercial and military facilities.

My June 3, 1998, memorandum envisions a long-term perspective for SPI that includes the following: the need for block change modifications to be written in performance-based language, the need for both prime contractors and suppliers to use SPI to transition to PBBE, and the need for corporate Management Councils to expedite reform and facilitate best practices across an entire corporation.

SPI implementation has not happened as quickly as I would have liked, but I believe that the potential to expand the industrial base, lower costs, and shorten response and cycle time, among other benefits, more than offset any short-term challenges in implementing SPI. I want you all to press ahead with SPI implementation and share your successes within the Department so that we all may benefit.

Q

*There seems to be a contest on which government agency can get more block changes than the other. Why so much emphasis on metrics?*

A

It is important to sustain a sense of urgency about Acquisition Reform or, as I indicated before, risk mortgaging the future ability of the Department to modernize our forces. The Defense Contract Management Command collects and analyzes a wide range of SPI data and metrics to measure the health of the SPI process and report to me on a monthly basis. While the initial emphasis was on encouraging numbers of SPI participants

and concept papers, other metrics have evolved. This is not a contest; however, I believe that all concept papers should be given a chance for approval.

Q

*After reviewing several months of metric reports, it seems that the "120-day" time frame is difficult to meet. Should the 120-day time frame be reassessed? DoD agencies are put on report for being overdue, when in fact the delay may be caused externally. Why is so much emphasis put on this "120-day rule"?*

A

The 120-day time frame for executing a block change has been one of the keys to success of the Single Process Initiative. Time wasted is savings lost and, corporately, we can ill-afford to delay initiatives that will save us money, so it was important to create a sense of urgency for implementing industry innovations and efficiencies.

I recognize that not every concept paper can be approved within 120 days. However, keeping a focused pressure on this process is important. Embracing the Integrated Product Team approach, I strongly encourage Management Councils to work with contractors during concept paper development. This up-front planning should facilitate a timely approval, not cause delays.

DoD Components are not put "on report" for being overdue; however it is important to identify causes for delay and, when appropriate, expedite those reforms. For the most part, the process has worked well and the majority of SPI proposals are implemented within this time frame. I commend all of you, both government and industry, in successfully implementing these streamlining initiatives.

Q

*What initiatives have been undertaken or are planned to rationalize/standardize processes at the Prime and OEM [Original Equipment Manufacturer] level in order to "flow down" cost-reduction opportunities to lower-tiered subcontractors and the ultimate customers?*



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program dollars."**

A

A number of traditional defense suppliers have taken the initiative to expand the Single Process Initiative to their sub-tier suppliers, through enabling clauses and supplier conferences and councils. This initiative, critical to the future success of SPI, will facilitate the adoption of industry best practices across the supplier base and provide access to com-

mercial products from non-traditional defense suppliers.

Industry has realized over the past two years that, to facilitate adoption of best practices, it is important for prime suppliers to encourage sub-tier suppliers to "flow up" best practices rather than "flow down" practices on the suppliers.

Additionally, by consciously reducing prime contractor oversight, it is possible to eliminate process details at the sub-tier level and ultimately reduce the cost of future products. One unanticipated benefit of the SPI has been the dialogue it has created across the supplier base and the synergy of ideas for reform that are beginning to emerge.

Q

*How does a program justify spending their limited resources working "long-term perspective" SPI proposals or contract changes that do not benefit their instant contracts or program?*

A

As I indicated before, it will take the commitment of each Program Executive Officer and program manager, with a long-term perspective, to make the Revolution In Business Affairs possible. Focusing on instant savings is counterproductive. Instead, keep an eye on the big picture — focus instead on the long-term improvements that result in the most efficient use of program dollars.

Some improvements made possible by the SPI include modernization, use of commercial products and processes, technology insertion opportunities, and decreased prices for future contracts. While not all of these benefits result in instant savings, a corporate focus on the larger benefit to the Department is important.

The big picture is that SPI's long-term improvements will eventually, if not immediately, result in the most efficient use of program dollars. Clearly, SPI makes good business sense, and we must use it as but one of the tools to achieve Acquisition Reform.

**Q** FAR [Federal Acquisition Regulation] waivers in general, and government property changes in particular (the biggest opportunity is also the biggest concern), are taking a very long period of time without resolution or feedback of status. Can anything be done to move the other Agencies?

**A** I have asked my Principal Deputy, Dave Oliver, to chair a Single Process Initiative Executive Council comprised of the Service Acquisition Executives and other senior Department officials. Stan Soloway, the Deputy Under Secretary of Defense (Acquisition Reform), is the Vice Chair of this Council; and General Malishenko, Commander, Defense Contract Management Command, is the Executive Secretary. I have high expectations for this Council to facilitate the future success of this initiative.

**Q** Are there any plans to "incentivize" industry to participate further in the program?

**A** SPI remains a voluntary program, and there are currently no plans to specifically incentivize industry to participate. The ultimate incentive is to use the SPI to adopt lean business practices, integrate commercial and defense practices within a company, and ultimately compete and win future business.

Additionally, as many defense suppliers are discovering, the SPI has also facilitated corporate mergers and consolidations, allowing industry to develop corporate best practices and quickly integrate those new business entities. SPI provides a way for companies to embrace performance-based requirements and position themselves to operate in a Performance Based Business Environment.

**Q** Do you think the Department of Defense Inspector General [DoD IG] or General Accounting Office [GAO] should examine the SPI to see if the Report of Investigation is worth what DoD is putting into the program?



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**A** As a matter of fact, the DoD Inspector General issued a report on March 14, 1997, which evaluated DoD's implementation of the Single Process Initiative. There were no adverse findings in that report.

I must remind all of you to avoid taking the myopic approach to the benefits to be realized by the Single Process Initiative. As I have previously mentioned, the benefits may not have immediate measurable monetary returns. How much is it worth when we deploy a

weapons system six months earlier than planned, that is able to counter a new deployed weapon capability from a hostile nation? How much is it worth when we are able to deploy a new weapons system that leverages the use of a commercial technology previously unavailable to DoD?

In assessing the success of SPI, the long-term vision must prevail. It is premature to measure the overall impact of this initiative to the Department.

**Q** Why is it that Office of the Secretary of Defense [OSD] Web sites continually delineate ISO 9000 Quality Systems, when policy memoranda from OSD state we cannot require any quality system/program in our acquisition packages?

The vast majority of savings realized on this program are proposed for the future. The current savings are minimal or nonexistent. The Commands, PEOs, and PMs are funding these programs today. Will OSD or DoD provide funding from these future savings for this program?

**A** ISO 9000 should not be placed on contract. Future savings are really cost avoidance. This means that, for the same level of budgeted funds without ISO 9000 on contract, the PM could apply funds to modernization of the product. Or, alternatively, the PM can reduce his or her budget requirements. Conscious risk management decisions by every program manager can help reduce oversight and associated infrastructure costs, thus benefiting the entire Department.

#### END NOTES

1. See *Program Manager* magazine, July-August 1998, Volume XXVII, No. 4, pp. 74-75.

2. On Aug. 28, 1998, Principal Deputy Under Secretary of Defense (Acquisition & Technology), David Oliver, published a memorandum establishing the membership and concept of operations for the Single Process Initiative Executive Council.